

CA20N
Z 1
-63A22

Return address/envelope
101/54 Maitland
Toronto 5
14 May 1967

Ontario Tax Reform Committee
(Smith Committee)
% Department of the Treasurer
Parliament Buildings
Queen's Park, Toronto, 2

MAY 17 1967

Gentlemen:

As I am in no position to prepare and present a formal brief, and as - I understand - such presentations are no longer being made to the Committee, I advance this enclosure as an informal suggestion, which I very much hope may be of use in your deliberations.

Yours very truly,

G. S. McKinney.

(Norman McKINNEY)



Digitized by the Internet Archive
in 2025 with funding from
University of Toronto

<https://archive.org/details/31761120647565>

A Proposed Reform of Property Tax

Municipalities might be assured of more adequate property-tax revenues if the relevant Provincial legislation were amended so as to establish not less than three classes of mill-rate (NOT of assessment) to be applied inversely to the quality, superior, standard, or sub-standard, of the original construction and subsequent maintenance, and for improvement upon taxable structures.

Administering municipalities might, in their enabling by-laws, require that standards of construction and maintenance relevant to occupants' health and safety, in applicable legislation, be met.

The enabling Provincial amendments might provide that the average tax revenue per property (at least, of those thenceforward classifiable as "sub-standard", and — as such — subject to high mill-rates in futurity) should be not less than the average per-property cost to the municipality, of services supplied to that class of structure. This might, in turn, require that all assessments for municipal purposes be made at 100% of value.

Application of inverse mill-rate classes should:

1. provide practical incentive for building owners to observe or surpass building construction and maintenance codes and laws;
2. greatly increase municipal property-tax revenues;
3. encourage renovation instead of demolition of sound structures — including residences, and any buildings of historic and for aesthetic significance.
4. halt or slow the exodus of owner-occupants from city cores to suburbs and exurbs;
5. help to reduce the calls on and consequent costs of municipal and provincial health, welfare, police, fire-fighting and judicial agencies;
6. concievably ~~might~~, without any other action, blot out slums and blight at no extra cost;

7. put property taxation on a realistic, businesslike basis: structures or/and neighborhoods which now cost a municipality more in services than it recovers from them in taxes, would yield at least those costs;
8. correct the injustice inherent in extant property-tax principle, by reducing mill-rates for owners who do, and increasing (them) for those owners who do not build and maintain well;
9. discourage all owners or prospective owners from building shoddy, and from maintaining it poorly or not at all;
10. halt or even reverse the present net loss (about 1,500 units yearly, in Toronto, at least) of medium- and low-rental housing; especially that downtown;
11. by encouraging resort to more and better landscaping, architecture, planning, design, renovation and maintenance, make the entire city — eventually — more healthful and aesthetically rewarding to residents and visitors;
12. reduce the current, emergent need, in our major cities, for subsidized public housing as the sole alternative to slum dwellings for low-income and/or large families, by encouraging private rehabilitation of existing, sound older housing.

Support for this notion should come from every municipality in Ontario (at least): treasurers could hope for both increased revenues and decreased costs; councils would be heed of the cost of striking a particular mill rate; assessors, planners, and welfare, health and building-standards administrators would gain positive backing for their inspectors and operating principles (and "automatic" penalties for non-observance of the latter!).

Every property insurer might be able to reduce his (highest, at least) risk-load; premiums might decrease. Additional investment capital would thereby be made available.

Positive support might also be expected from the Provincial Treasury, Health, Welfare, and Attorney-General's Departments, and such officers as the Fire Marshal, the Supervisor of Insurance, & the Housing Commissioner.

4.-
The legal principle involved appears to have been recognized, and perhaps a (common-law?) precedent set by the Quebec Legislature, which authorized the City of Montreal to make subsidies to property owners who restored and/or maintained to municipal by-law standards, existing structures in the 'Old Town'. (See attachments.) It should, however, be less expensive to this Province to oversee municipal administration of inverse mill rates, using existing facilities and staffs, than to set up a new and additional administration through which to disburse direct subsidies.

What the eventual effect on municipal tax revenues would come to be when all practically realizable benefit had been extracted from the, by then, changed situation, and a new dynamic of equilibrium of structure versus revenue established, the undersigned has no way of forecasting, but it might, and he believes should first be estimated by thorough studies by experts.

Trusting that this suggestion may be found useful —

S. J. McK.
(Norman McKINNEY)

